

BEFORE THE  
**Federal Communications Commission**  
 WASHINGTON, D.C.

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In the Matter of )

Assessment and Collection )  
 of Regulatory Fees for )  
 Fiscal Year 1998 )

MD Docket No. 98-36

FEDERAL COMMUNICATIONS COMMISSION  
 OFFICE OF THE SECRETARY

To: The Commission

**JOINT COMMENTS OF THE  
 NAMED STATE BROADCASTER ASSOCIATIONS**

The Alabama Broadcasters Association, Arizona Broadcasters Association, Arkansas Broadcasters Association, California Broadcasters Association, Connecticut Broadcasters Association, Idaho State Broadcasters Association, Indiana Broadcasters Association, Kansas Association of Broadcasters, Massachusetts Broadcasters Association, Missouri Broadcasters Association, Nebraska Broadcasters Association, New Hampshire Association of Broadcasters, Oklahoma Association of Broadcasters, Tennessee Association of Broadcasters, Texas Association of Broadcasters, Washington State Association of Broadcasters and Wisconsin Broadcasters Association (collectively, the "Associations"), by their attorneys and pursuant to Sections 1.415 and 1.419 of the Commission's Rules, 47 C.F.R. §§ 1.415, 1.419, hereby jointly submit their Comments in response to the Commission's Notice of Proposed Rulemaking, MD Docket No. 98-36, FCC 98-40, released March 25, 1998, (the "NPRM").<sup>1/</sup> As set forth below,

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<sup>1/</sup> The Associations are a group of state broadcaster associations that are dedicated to the advancement of free, over-the-air, locally based radio and television broadcasting in the public interest. The Associations have a direct interest in this matter since they represent broadcast entities regulated by the Commission. These broadcasters, all of whom are dedicated to serving the public interest, will be better able to meet this obligation if the Commission distributes its annual regulatory fees in a fair and equitable manner.

the Associations commend the Commission for proposing to use city-grade coverage as a basis for determining the size of the service area of a station and the amount of the fee it will pay. Moreover, as set forth below, the Associations believe, that to further enhance the fairness of the system, the second, "Alternative" fee computation method should be adopted.

1. The Associations have long favored a regulatory fee system that takes into account the true revenue potential of a station in determining the fee that it will pay. For instance, on January 6, 1997, the Associations jointly submitted comments concerning the Commission's Notice of Inquiry ("NOI"), regarding the Amendment of Part I of the Commission's Rules Pertaining to the Schedule of Annual Regulatory Fees for Mass Media Services, FCC 96-422. The Associations argued that the Commission failed to differentiate among radio stations in different size markets when assessing the regulatory fees for these stations. For example, a Class C FM in the largest urban market paid no higher regulatory fee than a station in the same class which served only a very small population in a rural area, even though the revenue potential of those stations was vastly different. Thus, the impact of the fee would be much greater on the rural station than on the urban station, where such fee would represent an insignificant portion of a station's revenue.

2. The Association's comments in the 1997 proceeding supported a new methodology submitted by the National Association of Broadcasters ("NAB") proposing that the Commission adopt a fee schedule for broadcast stations based on the station's class of service and the population coverage of each station. In its FY 1997 Fee Report and Order<sup>2/</sup> the Commission agreed with the Associations and accepted the NAB's proposal to assess fees based on both station class and population. However, in implementation, the policy adopted last year

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<sup>2/</sup> See Assessment and Collection of Regulatory Fees for Fiscal Year 1997, FCC 97-215, released June 26, 1997, 62 FR 37408 (July 11, 1997).

proved, in many instances, to be grossly unfair. Basing the population within a station's service area on its interference-free contour resulted in many rural stations having predicted coverage over major markets where these stations could not possibly compete with stations actually local to such markets. Thus, these rural stations were found to pay unfairly high fees.

3. Recognizing this, the Commission now seeks comment on using the city-grade calculated contours as the basis for determining service area population for purposes of placing stations into fee categories. The Associations wholeheartedly support the Commission's proposal to reduce in size the applicable signal contours to 5 m/V/m for AM radio stations and 70 dBuV/m for FM radio stations. These signal contours closely mirror the actual service areas of the stations, therefore limiting the population used to compute fees to the population actually served by the station (which of course is the population from which a station receives its revenue).

4. In its NPRM, the Commission proposes two alternative methods of determining fees. The first alternative is based exclusively on the population within a station's service area, and fees range from a high of \$2,500 to a low of \$250. The second alternative plan proposes a schedule based on both the class of station and the population served. This schedule also provides a wider range of fees, starting at \$250 and increasing to \$4250.

5. The Associations support the second fee assessment proposal. The second proposal is fairer to stations because it offers a wider range of fees which more accurately reflects the different earning potentials of the stations. As a consequence, a more accurate representation of the stations' ability to pay the regulatory fee is provided.

For the foregoing reasons, the Associations commend the Commission for its decision to assess the annual regulatory fees for radio stations based on the populations served by the stations and their technical class. However, the Associations urge the Commission to adopt the second alternative for fee assessment proposed in the NPRM. The Associations also urge the Commission to adopt its proposed contour reduction plan to ensure a fair and equitable distribution of regulatory fees.

Respectfully submitted,

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